

## MINUTES

Monday, March 9, 2009  
12:00 Noon

Manistee County Blacker Airport  
Conference Room

Members Present: Ervin Kowalski, Chairperson; Paul Schulert; Dale Picardat; Charles Brooks; Glenn Lottie; Ed Haik; and Bob Wilson

Members Absent: None

Others Present: Barry Lind, Airport Manager; George Saylor, Airport Legal Counsel; Russell Pomeroy, Airport Authority Treasurer; and Rachel Nelson, Airport Authority Secretary

Ervin Kowalski, Chairperson, called the meeting to order at 12:00 P.M. Roll was taken by the Secretary.

The Chairman confirmed that each member had received a copy and had an opportunity to review the Minutes from the regular meeting of the Airport Authority held on Monday, February 9, 2009.

**There was a motion by Mr. Schulert, supported by Mr. Picardat to approve the Airport Authority regular meeting Minutes of Monday, February 9, 2009, as presented. Motion carried by unanimous vote.**

Mr. Kowalski shared a letter from Baird, Cotter & Bishop P.C. regarding governmental audits. It was noted that next year there will be another bid process for the audits.

The live burn fire training has been scheduled for April 21, 2009. Mr. Lind noted that this is part of the annual Part 139 requirements. A Local Revenue Sharing Grant has been submitted through the County to help cover the costs of the live burn.

The Yankee Lady B17 will be coming to the Airport during the Forest Festival for two days. This was previously discussed and has now been confirmed. There are no costs to the airport.

Mr. Lind has not contacted the DNR yet regarding the access easement, but still plans to.

Mr. Lind sent a letter to Great Lakes outlining some concerns (APPENDIX A). It was noted that perhaps he should send a similar letter to the EAS.

Mr. Lind noted that he received a letter inviting him or another representative to be on the Manistee County Green Team. Mr. Lottie, who is on the Committee, encouraged Mr. Lind to attend. Mr. Lind stated that he will start attending the meetings.

Mr. Lind informed the Authority that last week, two night flights had to be canceled due to a runway lighting system failure. The problem began approximately three weeks ago, at which time the electrician said that the problem was water in the conduit. The problem seemed to be fixed, but then started again last week and it was discovered that the resistors in the circuit board in the transformer were fried. Because of the age of the system, parts are not readily available. Another part could be purchased to have on hand for future issues, but Mr. Lind feels that it will be quite expensive. He will report on this issue at next month's meeting with more detail. This also ties into the taxiway lighting project for this summer, and there are several different options that Mr. Lind will discuss with Peckham Engineering to incorporate the runway lighting with the project. Due to the flight cancellations, two passengers are requesting reimbursement for their hotel stay in Milwaukee, totaling \$67.61.

Great Lakes got them a discounted hotel rate, but will not reimburse them for their costs since the cancellation was not their fault. Since there is no policy, Mr. Saylor stated that the Authority could review these situations on a case by case basis. After discussion,

**There was a motion by Mr. Haik, supported by Mr. Lottie to reimburse the passengers for their hotel stay in Milwaukee due to the flight cancellations/lack of runway lighting at a cost of \$67.61. Motion carried by unanimous vote.**

Mr. Lind inquired if there was a spending policy in place. The policy, which was adopted on December 12, 2005, reads as follows:

CAPITAL EXPENDITURES: All capital expenditures exceeding \$1,000 shall require full Board consideration and majority authorization.

EMERGENCY EXPENDITURES: An emergency expenditure may be made by the Airport Manager to insure the safety and well being of airport operations.

Mr. Lind informed the Authority that Mr. Saylor has reviewed a lease agreement with the FAA for the equipment that they have at the airport. In the past, there have been different leases for each piece of equipment, but they would like to simplify to one document. The lease allows the FAA to have their equipment at the airport and have access to it. Mr. Saylor stated that the lease agreement is the standard form that the FAA uses. No money is exchanged for the lease.

**There was a motion by Mr. Schulert, supported by Mr. Brooks to approve the terms of the lease with the FAA and authorize the Chair to execute. Motion carried by unanimous vote.**

Mr. Lind presented a potential contract with Peckham Engineering for the first part of the taxiway lighting project (design). The contract has been reviewed by the State as well as Mr. Saylor. The State believes that the cost of \$16,335 is reasonable. Beginning this project means that the Airport Authority is agreeing to the 2.5% local match of the entire project cost of \$160,000.

**There was a motion by Mr. Haik, supported by Mr. Brooks to approve the contract with Peckham Engineering for the design of the taxiway lighting project not to exceed \$16,335, and authorize the Chair to execute.**

**A roll call vote was taken:**

**Yeas: 7 (Haik; Lottie; Schulert; Picardat; Wilson; Brooks; Kowalski)**

**Nays: 0**

**Absent: 0**

**Motion carried.**

Mr. Lind informed the Authority that the airport's website is down. Fred Renner, former Airport Authority member who is deceased, had registered the domain ([www.manisteeairport.com](http://www.manisteeairport.com)) in his personal name. The domain expired in January and could not be renewed since it was in Mr. Renner's name. There is a two month waiting period before the domain can be purchased by Mr. Lind.

The Authority next reviewed the February 2009 Accounts Payable Report (APPENDIX B). The Galaxy Electric payment is for the conduit being pumped for the runway lighting. The MAAE payment is the annual dues for the Michigan Association of Airport Executives. The Industrial Marketing payment is for repairs to the snowplow due to a hydraulic cylinder failure. Mr. Lind informed the Authority that another payment to Industrial Marketing will show up next month for a specialized tire for the snowblower at a cost of \$2,000. The Authority members instructed Mr. Lind to see if there was a warranty of any kind of the tire, since it seems that the tire shouldn't have blown after two years, and also to see if there's any company that sells it for less than \$2,000. The Temperature Control payment is for labor for a compressor that was replaced, which was still under the manufacturer's warranty.

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**There was a motion by Mr. Lottie, supported by Mr. Schulert to approve the February 2009, Accounts Payable Report and authorize payment of the outstanding invoices totaling \$29,767.53.**

**A roll call vote was taken:**

**Yeas: 7 (Picardat; Schulert; Lottie; Haik; Kowalski; Brooks; Wilson)**

**Nays: 0**

**Absent: 0**

**Motion carried.**

The Authority next reviewed the February 2009 Financial Statement (APPENDIX C) which includes a Balance Sheet, a Statement of Revenue and Expenses, and a running account of the Public Improvement Fund. Mr. Pomeroy noted that \$4,706 in the miscellaneous income is a rebate from Consumers Energy from the initial installation of service. A negative number (-816.00) appears in the insurance expenses line due to the premium being lowered.

**There was a motion by Mr. Wilson, supported by Mr. Lottie to approve the February 2009 Financial Statement. Motion carried by unanimous vote.**

Mr. Pomeroy stated that Dave Wilson will be at the April meeting to review the FY 2007/08 audit.

Sheets were handed out showing airplane passenger numbers for 2009 as well as the previous two years (APPENDIX D), and the Orchard Beach Aviation rent information (APPENDIX E).

With there being no further business to come before the Authority, the meeting was adjourned at approximately 1:25 P.M.

Respectfully submitted,

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Rachel Nelson, Airport Authority Secretary

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# Manistee County Blacker Airport Authority

2323 Airport Road • Manistee, Michigan 49660 • (231) 723-4351

February 27, 2009

Chuck Howell CEO  
Great Lakes Aviation  
1022 Airport Parkway  
Cheyenne, WY 82001

Dear Chuck,

On behalf of the Manistee County Blacker Airport Authority I am writing this letter to inform you of our concerns as to the reliability and convenience of the airline service being provided by Great Lakes Aviation. There have been a series of issues that have occurred since Great Lakes began service to Manistee in June of 2008. Any one of those issues individually would not be considered significant, however the pattern and sum total of the issues causes us concern.

After seeing increasing passenger numbers for the last few years under Skyway/Midwest Connect, we saw a 33% drop in passengers for 2008. And 2009 is looking to be worse with January off 40% and February looking even worse. While many factors are contributing to this trend, foremost among them being the economy, we believe the quality of service being provided by Great Lakes is also having a significant impact.

On the surface it would appear that the service being offered by Great Lakes is an improvement to what was being offered prior to Great Lakes arrival. Manistee now has direct flights to Milwaukee instead of one-stop flights, offering a larger number of available seats and better convenience. Fares to Milwaukee are significantly less than before. These service improvements are more than offset by a number of problems:

### Reliability

In December we experienced an on-time performance of 20% for Great Lakes flights in and out of Manistee. With 36% of the flights cancelled. It is no wonder passenger numbers are lower when this many flights are cancelled. Now admittedly December saw an unusual amount of weather related cancellations which are beyond our control, however 20 of the 45 cancelled flights were for reasons other than weather.

While December was extreme, during the months we have been keeping track (since October 2008) the best on-time performance Great Lakes has managed is 62%. This is not good. As a result we are starting to hear from passengers comments like, "When you get a better airline in here, give me a call," and "We are never flying out of Manistee again."

We share a common goal, which is to increase passenger numbers and therefore revenue. That cannot be accomplished without providing dependable, reliable, quality service.

### Convenience

While not as significant of a concern as reliability, the convenience of the service provided by Great Lakes is also important. There are three things we are continually hearing from our passengers related to this topic:

- Lack of code share agreements
- Lack of baggage handling agreements
- Lack of electronic tickets
- Requirement to exit security and re-enter for connections

Last year when Great Lakes was bidding the EAS contract for Manistee, discussions occurred that indicated that Great Lakes would seek a code share agreement with Midwest Airlines. Since we have never been updated as to the follow through on that we are left wondering if a code share agreement was this ever pursued in earnest, or was that a hollow promise. If an agreement with Midwest couldn't be negotiated, were other options investigated, such as extending existing code share agreements with United or Frontier to include Manistee to Milwaukee, or possibly an agreement with AirTran who is aggressively moving into Milwaukee? Now it clearly isn't our role to dictate to Great Lakes how you should run your business, however the lack of communication with us on this important topic is concerning.

While the lack of baggage handling agreements may seem like a minor issue it routinely comes up as a concern voiced by our passengers. Specifically the lack of an agreement with Northwest/Delta. Since Northwest is a significant carrier in this part of the country a large number of passengers traveling out of Manistee end up connecting on to Northwest flights in Milwaukee. Not being able to check their baggage through to their final destination is inconvenient, and leads to missed connections. And therefore ultimately leads to lower customer satisfaction with the Manistee/Great Lakes flying experience, leading them to go elsewhere the next time they travel,

Since many of our passengers are connecting to other destinations many are using on-line travel services to book those trips. However because Great Lakes lacks electronic ticketing, there is a significant premium charged for issuing paper tickets, and if the flight is last minute paper tickets aren't even an option. For the savvy traveler, the option of purchasing each segment separately exists at the respective airlines web sites, but most less sophisticated travelers will not think of that and therefore end up traveling from alternative airports where this inconvenience does not exist.

Finally in order to make a connection in Milwaukee (connections other than to Midwest flights) you need to exit concourse D and go to either concourse B or E. This involves exiting security and the need to go through security again in order to make a connecting flight. The source of this problem is due to how the Milwaukee terminal was constructed and the fact that you can't get from one concourse to another without leaving security. There is nothing Great Lakes can do about the physical limitations of the terminal. However has Great Lakes investigated using a gate in a different concourse to better meet the connecting needs of our passengers?

As stated earlier both the Manistee County Blacker Airport Authority and Great Lakes Aviation have a common goal of increasing our passenger numbers and therefore increasing revenues. In order to do this we need to be working together to offer a service that is reliable, convenient and cost effective.

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To this end, we would like to know what Great Lakes plans to do in order to address the issues we have raised in this letter. And what we can do to be an effective partner to help.

sincerely,

*Barry Lind*

Barry Lind

Airport Manager

Manistee Blacker Airport

# MANISTEE COUNTY BLACKER AIRPORT

## FEBRUARY 2009 ACCOUNTS PAYABLE

CHECK #	VENDOR NAME	AMOUNT
	BARRY LIND	\$ 3,000.00
	CONSUMERS ENERGY	\$ 2,766.04
	A T & T	\$ 19.03
	MICHCON (DTE ENERGY)	\$ 1,071.72
	GOCKERMAN, WILSON, SAYLOR	\$ 230.00
	GALAXY ELECTRIC	\$ 479.25
	WEATHER SERVICES INTERNATIONAL	\$ -
	ACE HARDWARE	\$ 94.08
	WAHR HARDWARE	\$ -
	BLARNEY CASTLE	\$ 805.95
	MAAE	\$ 70.00
	FASTENAL	\$ 34.94
	INDUSTRIAL MARKETING	\$ 1,173.43
	MANISTEE COUNTY ROAD COMMISSION	\$ 159.28
	BLUEGLOBES, LLC	\$ 80.28
	PIPER McCREDIE AGENCY, INC	\$ -
	TEMPERATURE CONTROL, INC.	\$ 1,668.95
	JACKPINE BUSINESS CENTER	\$ -
	NAPA AUTO PARTS	\$ -
	MANISTEE WELDING & PIPING	\$ -
	DIRECT TV	\$ 81.89
	PECKHAM ENGINEERING	\$ 243.80
	MANISTEE COUNTY	\$ 96.96
	<b>TOTAL</b>	<b>\$ 12,075.60</b>
	<b>ADVERTISING INVOICES</b>	
	MS CREATIVE SERVICES	\$ -
	<b>TOTAL</b>	<b>\$ -</b>
	<b>ORCHARD BEACH AVIATION</b>	<b>\$ 17,691.93</b>
	REGULAR HOURS 252 @ 15.00	3,780.00
	MAINTENANCE HOURS 165.5 @ 15.00	2,482.50
	PART 139 LABOR	11,279.43
	INTERNET	150.00
	<b>GRAND TOTAL</b>	<b>\$ 29,767.53</b>
	<b>PUBLIC IMPROVEMENT FUND</b>	
	<b>TOTAL PUBLIC IMPROVEMENT FUNDS</b>	<b>\$ -</b>



## MANISTEE COUNTY BLACKER AIRPORT

	FEBRUARY 2009 REVENUE & EXPENSES		BUDGET REMAINING		58%
	CURRENT MONTH	YEAR-TO DATE	ANNUAL BUDGET	BALANCE \$	%
<b>INCOME:</b>					
HANGER RENTAL	\$ 1,225.00	\$ 8,829.80	\$ 17,940.00	\$ 9,110.20	51%
LANDING FEES - GREAT LAKES	\$ 13,290.24	\$ 66,451.20	\$ 159,483.00	\$ 93,031.80	58%
LANDING FEES - GENERAL AVIATION	\$ 27.00	\$ 180.00	\$ 3,500.00	\$ 3,320.00	95%
AUTO RENTAL SPACE	\$ -	\$ 1,002.21	\$ 4,200.00	\$ 3,197.79	76%
OFFICE RENT	\$ 1,125.00	\$ 5,625.00	\$ 13,500.00	\$ 7,875.00	58%
COUNTY OF MANISTEE	\$ 7,791.67	\$ 38,958.35	\$ 93,500.00	\$ 54,541.65	58%
FUEL SALES	\$ 96.96	\$ 935.15	\$ 6,500.00	\$ 5,564.85	86%
SIGN LEASE	\$ -	\$ 2,000.00	\$ 3,400.00	\$ 1,400.00	41%
MISCELLANEOUS	\$ 4,706.00	\$ 5,306.00	\$ 1,000.00	\$ (4,306.00)	-431%
<b>TOTAL INCOME</b>	<b>\$ 28,261.87</b>	<b>\$ 129,287.71</b>	<b>\$ 303,023.00</b>	<b>\$ 173,735.29</b>	<b>57%</b>
<b>EXPENSES:</b>					
PERSONNEL - MANAGEMENT	\$ 3,000.00	\$ 15,000.00	\$ 36,000.00	\$ 21,000.00	58%
PERSONNEL - OPERATIONS & MAINTENANCE	\$ 17,541.93	\$ 92,184.65	\$ 169,823.00	\$ 77,638.35	46%
DUES & MEETINGS	\$ 70.00	\$ 370.00	\$ 500.00	\$ 130.00	26%
SUPPLIES	\$ 94.08	\$ 201.51	\$ 2,000.00	\$ 1,798.49	90%
UTILITIES	\$ 4,069.65	\$ 14,221.38	\$ 35,000.00	\$ 20,778.62	59%
FUEL	\$ 805.95	\$ 4,170.33	\$ 5,000.00	\$ 829.67	17%
REPAIRS & MAINTENANCE	\$ 3,596.13	\$ 9,221.12	\$ 7,500.00	\$ (1,721.12)	-23%
TERMINAL IMPROVEMENTS	\$ -	\$ -	\$ 2,000.00	\$ 2,000.00	100%
CONTRACTED SERVICES	\$ -	\$ 1,058.00	\$ 1,800.00	\$ 742.00	41%
LEGAL	\$ 230.00	\$ 771.00	\$ 5,000.00	\$ 4,229.00	85%
AUDIT	\$ -	\$ -	\$ 1,500.00	\$ 1,500.00	100%
ADVERTISING	\$ -	\$ -	\$ -	\$ -	0%
TELEPHONE	\$ 19.03	\$ 91.04	\$ 400.00	\$ 308.96	77%
INSURANCE	\$ (816.00)	\$ 14,493.47	\$ 26,000.00	\$ 11,506.53	44%
TRAINING (FIRE FIGHTER)	\$ -	\$ -	\$ -	\$ -	0%
EQUIPMENT	\$ -	\$ 947.33	\$ -	\$ (947.33)	0%
BOOKKEEPING	\$ -	\$ -	\$ 3,000.00	\$ 3,000.00	100%
NOTES PAYABLE	\$ 96.96	\$ 935.15	\$ 6,500.00	\$ 5,564.85	86%
TRANSFER OUT/FUND BALANCE	\$ -	\$ -	\$ -	\$ -	100%
MISCELLANEOUS	\$ 243.80	\$ 2,719.06	\$ 1,000.00	\$ (1,719.06)	-172%
	<b>\$ 28,951.53</b>	<b>\$ 156,384.04</b>	<b>\$ 303,023.00</b>	<b>\$ 146,638.96</b>	<b>48%</b>
EXCESS REVENUE OVER/(UNDER) EXPENDITURES	\$ (689.66)	\$ (27,096.33)			
BALANCE ON HAND - AIRPORT FUND					
BEGINNING BALANCE 02/01/09	\$ 63,498.66				
FEBRUARY RECEIPTS	\$ 28,971.21				
JANUARY DISBURSEMENTS	\$ (45,055.86)				
	<b>\$ 47,414.01</b>				



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# MANISTEE COUNTY BLACKER AIRPORT

## FEBRUARY 2009 BALANCE SHEET

ASSETS	2/28/2009	1/31/2009
CASH	\$ 47,414.01	\$ 63,498.66
ACCOUNTS RECEIVABLE		
GREAT LAKES AIRLINES	\$ 13,290.24	\$ 13,290.24
TED ARENS - GROUND RENT	\$ -	\$ -
MISC.	\$ 623.96	\$ 608.30
<b>TOTAL ASSETS</b>	<b>\$ 61,328.21</b>	<b>\$ 77,397.20</b>

LIABILITIES	2/28/2009	1/31/2009
ACCOUNTS PAYABLE - TRADE	\$ 29,676.53	\$ 45,055.86
ACCOUNTS PAYABLE - COUNTY	\$ -	\$ -
PREPAID HANGER RENT	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ 29,676.53</b>	<b>\$ 45,055.86</b>
<b>FUND BALANCE</b>	<b>\$ 31,651.68</b>	<b>\$ 32,341.34</b>

<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 61,328.21</b>	<b>\$ 77,397.20</b>
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<b>TOTAL PUBLIC IMPROVEMENT FUNDS AVAILABLE</b>	<b>\$ 128,930.51</b>
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STATE OF MICHIGAN	\$ 3,375.00
STATE OF MICHIGAN	\$ 124,500.00
STATE OF MICHIGAN	\$ 2,475.00
STATE OF MICHIGAN	\$ 2,400.00
STATE OF MICHIGAN (REFUND GRANT CLOSE OUT)	\$ (36.60)
STATE OF MICHIGAN (REFUND GRANT CLOSE OUT)	\$ (8,106.42)
STATE OF MICHIGAN (SNOWBLOWER)	\$ 13,138.00
TULIP CITYAIR (SALE OF OLD SNOWBLOWER)	\$ (32,750.00)
STATE OF MICHIGAN (REFUND GRANT CLOSE OUT)	\$ (12.29)
STATE OF MICHIGAN (REFUND GRANT CLOSE OUT)	\$ (11.94)

<b>PUBLIC IMPROVEMENT FUND - CASH AVAILABLE</b>	<b>\$ 23,935.53</b>
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<b>PASSENGER FACILITY CHARGES COLLECTED THROUGH 02/28/2009</b>	<b>\$ 5,711.93</b>
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<b>BALANCE DUE TO MANISTEE COUNTY ON THE FUEL FARM AS OF:</b>	<b>9/30/2008</b>	<b>\$ 24,647.84</b>
	<b>2/28/2009</b>	<b>\$ 23,712.69</b>

PASSENGERS OF GREAT LAKES  
ENPLANED / DEPLANED  
MANISTEE COUNTY BLACKER AIRPORT

	2007	2008	2009	2010	2011
	Midwest	Midwest	Great Lakes		
<b>JAN.</b>	210/164	234/169	138/106		
	374	403	244		
			62% on time		
			(25% delay, 13% cancel)		
<b>FEB.</b>	198/184	215/212	112/93		
	382	427	205		
			66% on time		
			(16% delay, 18% cancel)		
<b>MARCH</b>	224/229	213/200			
	453	413			
<b>APRIL</b>	183/239	18/38			
	422	56			
<b>MAY</b>	238/251	0/0			
	489	0			
		<b>Great Lakes</b>			
<b>JUNE</b>	252/309	94/113			
	561	207			
<b>JULY</b>	340/348	278/301			
	688	579			
<b>AUG.</b>	348/305	300/293			
	653	593			
<b>SEPT.</b>	278/217	219/190			
	495	409			
<b>OCT.</b>	276/248	173/174			
	524	347			
		57% on time			
		(31% delay, 11% cancel)			
<b>NOV.</b>	275/280	168/166			
	555	334			
		55% on time			
		(32% delay, 13% cancel)			
<b>DEC.</b>	203/205	159/122			
	408	281			
		20% on time			
		(44% delay, 36% cancel)			
<b>TOTAL</b>	<b>3025/2979</b>	<b>2034/1977</b>			
	<b>6004</b>	<b>4011</b>			

**ORCHARD BEACH AVIATION****February 2009****RENT**

OFFICE	\$325.00	
HANGER	\$175.00	
FUEL	\$96.96	
LANDING FEES		
TWIN	\$9.00	(1 @ \$9)
JET	\$18.00	(1 @ \$18)
TOTAL	\$623.96	

100	384.7 Gal
JET	261.7 Gal
TOTAL	646.4 Gal